XU00719

RHEON®

Pellegrino

PROPOSAL FOR:

"KN400 Cornucopia"

Encrusting Machine with Options

Rheon U.S.A.
9490 Toledo Way
Irvine, CA 92618
Phone: 949-768-1900
Fax: 949-855-1991

"Where Art Creates Innovation"

EXHIBIT
A
ALL-STATE LEGAL SUPPLY CO.

sole and exclusive liability shall be (at Seller's option) to repair, replace or credit buyer's account for any goods or any part thereof which are returned by Buyer during the warranty period set forth above, provided that (I) Seller is promptly notified upon discovery and within the warranty period by Buyer that such goods or any part thereof fail to conform to these terms and conditions or the applicable specifications (ii) Buyer provides Seller with a detailed written explanation of any alleged deficiencies; and (iii) Seller's examination of such goods or any part thereof shall disclose that such alleged deficiencies actually exist and were not caused by accident, misuse, neglect, alteration, improper installation, unauthorized repair or improper testing. If Seller elects to repair or replace such goods or any part thereof Seller shall have a reasonable time to make such repairs or replacement. If Seller breaches any other provisions hereof, Seller's sole and exclusive liability shall not in any event exceed the total price specified herein, less the purchase price for any goods delivered and accepted hereunder.

In no event shall Seller be liable to anyone, including Buyer, for any special, collateral, incidental or consequential damages for (I) breach of any of the provisions hereof, including, without limitation, provisions regarding warranties, guarantees, and/or indemnities; (ii) any claims by Buyer concerning the goods, including, without limitation, claims for the costs of removal and reinstallation of goods, loss of goodwill, loss of profits, and/or loss of use.

6. **INSTALLATION:** Except as the otherwise provided in this proposal, Buyer shall be responsible for all costs of installation including all permits, wiring, steam, oil, air, gas or water piping, clean-up, exterior duct work, drains, refrigeration, and all required alterations by Buyer's building, including foundation or support for the product, all openings in floors, walls, roof or ceiling, and all alterations to existing services such as power, lights, sprinklers and plumbing. Hangers are provided as part of the product where applicable, but Buyer shall be responsible for providing and installing all anchors or other material needed to provide proper anchorage of the product. If installation services are to be provided by Seller, such services shall be subject to Seller's Installation and Service Conditions.

7. **PATENT CLAIMS:** Buyer shall promptly notify Seller in writing in the event Buyer is informed of or has reason to believe that any third party is infringing on a Seller patent covering the goods or otherwise copying, imitating or reproducing the goods. In addition, Buyer shall notify in writing in the event any third ever makes a patent claim or initiates litigation against Buyer, Seller agrees to save Buyer harmless from damages or losses resulting therefrom. Seller shall, at its option, defend or otherwise respond to any such patent claim or litigation, or pay Buyer's reasonable costs for so defending or responding. Buyer shall cooperate with Seller in the prosecution or defense of any patent claims involving the goods.

8. **LIQUIDATED DAMAGES TO RHEON:** The parties agree that in the event Buyer fails or refuses to take delivery of the goods the damages suffered by Seller shall be difficult and impractical to determine. The parties therefore agree that in such event Seller shall retain as liquidated damages all moneys therefore paid to Seller by Buyer, including the thirty percent (30%) initial payment, which sum represents a reasonable estimate of the actual damages suffered by the Seller. After delivery of the goods, Buyer shall be liable to Seller for the entire purchase price together with all other sums owing hereunder. In no event shall Buyer be able to offset against or deduct from amounts owing to Seller under this Agreement any sums allegedly owing by Seller to Buyer under any contracts or agreements.

9. **LATE PAYMENT/SECURITY AGREEMENT:** All amounts not paid by Buyer when due shall be subject to a charge of 1% per month until paid. Buyer hereby grants to Seller a purchase money security interest in the product to secure the payment of Buyer's obligations to Seller under this contract. Until all of Buyer's obligations to Seller under this contract have been satisfied, Buyer shall cause the product to be insured for its full insurable value for the benefit of the Seller and shall provide Seller with proof of said insurance on request. In the event Buyer defaults in the payment of any installment required to be paid under this contract and the default continues for a period of 30 days after written notice by Buyer, all unpaid installments shall, at Seller's option, become immediately due and payable. In addition to the right of acceleration of the installments, Seller may pursue any and all remedies available under the Uniform Commercial Code.

The goods shall remain personal property regardless of how they are affixed to Buyer's real property and Seller reserves a purchase money security interest in the goods until the purchase price has been fully paid. Buyer agrees to execute any documents requested by Seller, which are necessary for attachment and perfection of its security interest.

10. **ENTIRE AGREEMENT:** The terms and conditions contained herein and any other terms and conditions stated in Seller's quotation or order acknowledgment attached hereto shall constitute the entire agreement between Seller and Buyer and shall supersede all prior oral or written statements of any kind whatsoever made by the parties or their representatives. No statement subsequent to the acceptance of an order purporting to modify any of its terms or conditions shall be binding unless expressly agreed to it in writing signed by both Seller and Buyer.

GENERAL CONDITIONS

Unless otherwise specifically provided by separate written agreement duly signed by Seller USA (seller), the terms and conditions specified below are on the quotation or order confirmation to which this is attached constitute the entire agreement between Seller and Buyer. and no other terms or conditions shall be of any effect Buyer will be deemed to have assented to all such terms and conditions if any part of the described goods is accepted. If Buyer finds any term or condition not acceptable, Buyer must so notify Seller at once.

Upon Buyer's acceptance of Seller's quotation by issuance of a purchase order or otherwise and Seller's acknowledgment of acceptance of the order, Buyer shall be deemed to have agreed to all the terms and conditions contained herein.

Seller reserves the right to accept or reject all orders received by it.

1. **PRICES:** Unless otherwise noted, all prices are F.O.B Los Angeles, CA, and do not include any applicable federal, state, or local sales, use excise, value added or similar tax or other charges unless specifically indicated otherwise, which additional charges Buyer agrees to pay or for which it agrees to furnish evidence of exemption acceptable to the taxing authorities. All prices may be withdrawn at any time prior to Buyer's receipt of Seller's acknowledgment of acceptance. If any event, unless accepted by Seller, the quoted prices become invalid ninety (90) days after date of quotation or such earlier date as quoted by Seller.

2. **PAYMENTS:** All goods are sold for cash or check with order unless agreed to in writing by the seller.

3. **DELAY OR FAILURE TO DELIVER:** Seller shall not be responsible for delay, non-delivery or default in shipment in whole or in part, arising out of causes beyond its control, including, but not limited to, strike, war, riot, laws, restrictions, actions or embargoes of the United States or Japan or any other government, fire, floods, accidents, lock-outs, commandeering's or vessels carrying the machines, loss or damage in transit, detention of or delay of vessels, acts of God, and government restrictions. Delays in delivery attributable to the foregoing causes will not permit Buyer to terminate this Agreement or recover any damages from Seller.

4. **LIMITED WARRANTY:** Seller warrants to Buyer that the goods shall be free of all defects in material and workmanship for a period of one (1) year from the date of delivery of the goods. This warranty shall remain in effect if and only the goods are determined by Seller (in its sole judgment) to have been properly maintained and operated and if no modifications, alterations or repairs are made to the goods without authorization by Seller. This warranty does not apply to any defects caused by negligence, misuse, or accidents nor attributable to Seller. Seller neither assumes nor authorizes any representative or other person to assume for it any other liability and Seller makes no other express or implies warranty with respect to the goods. Seller assumes no responsibility for reimbursing Buyer for repair or replacement costs incurred without its prior written authorization. Seller may, in its sole discretion, repair or replace any defective parts or components. No promise or affirmation of fact (including, but not limited to, statements regarding capacity or performance of the goods) shall constitute a warranty by Seller, and Seller expressly denies the right of any other person to assume for it any other liability in connection with the sales of the goods.

   THE FOREGOING WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, WHETHER EXPRESSED OR IMPLIED, OR ARISING BY LAW, CUSTOM OR CONDUCT, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANT ABILITY AND/OR FITNESS FOR ANY PARTICULAR PURPOSE. THE RIGHTS AND REMEDIES PROVIDED HEREIN ARE EXCLUSIVE AND IN LIEU OF ANY OTHER RIGHTS AND REMEDIES. IN NO EVENT SHALL SELLER BE LIABLE FOR ANY CONSEQUENTIAL, SPECIAL, OR INDIRECT DAMAGES.

   THE PARTIES ACKNOWLEDGE THAT INSTALLATION OF THE MACHINES REQUIRES SPECIAL EXPERTISE AND CONSEQUENTLY AGREE THAT UNLESS SELLER PERSONNEL INSTALL THE MACHINES THIS WARRANTY SHALL BE NULL AND VOID, AND Seller WILL IN NO MANNER BE LIABLE FOR ANY DEFECTS IN THE GOODS.

5. **BUYER'S REMEDIES:** If Seller breaches its warranties as contained in Section 4 hereof, Seller's

Pellegrino
January 17, 2005
Page 2

QUOTATION: #U00719

PURCHASE PRICE: ~~$65,220.00~~ $171,000-

PAYMENT TERMS: ~~25% down payment due with order~~
~~75% due prior to shipment~~
See page 1

This proposal shall be subject to change or withdrawal at any time before acceptance by the Buyer, and in any event, shall be void unless accepted by Buyer and notification thereof received by the Seller within 30 days from the date hereof. The accepted proposal shall not be binding upon Seller until its ratified by a duly authorized officer or agent of Seller. Acceptance must be on the exact terms and conditions set forth herein. A purchase order covering the equipment specified herein shall be considered by both Buyer and the Seller to be merely an acceptance of this proposal on the terms and conditions set forth herein, and any other terms and conditions which may be printed or contained on such purchase order which are in addition to, in conflict with, or inconsistent with this proposal, shall not be applicable and shall have no force or effect.

No Dealer
Rheon U.S.A. Sales Representative (Dealer)
(Signature)

Gary Seiffer
Rheon U.S.A. Sales Representative
(Please Print)

ACCEPTANCE BY BUYER:
The above proposal is hereby accepted:

Buyer: Pellegrino

by [signature]
Buyer, Title (Signature)

on this 18 day of January 2005.

APPROVAL BY SELLER:
Approved and accepted:

Seller: Rheon U.S.A., Inc.

by [signature]
Rheon U.S.A. Staff (Signature)

on this 18 day of January, 2005.

RHEON U.S.A.
Food Processing Machinery Manufacturers

RHEON®

9490 Toledo Way
Irvine, CA 92618
Telephone (949) 768-1900
Fax (949) 855-1991

Pellegrino
100 Look Out Road
Warren, PA 16365
Quote: # U00719
January 17, 2005

Rheon U.S.A is pleased to offer you pricing for our KN400 Cornucopia with options as follows:

QTY	DESCRIPTION	$US PRICE
~~1~~ 3	KN400 Cornucopia 220V, 60HZ. 3 Phase Includes 2 sets of Nozzles (~~24+36mm & 36+50mm~~) To Be Determined Includes 2 Shutters (~~Y~~ O Shutter and D Shutter) $57,000 Each	~~$ 63,000.00~~ $171,000
1 3	Special Ring	~~$220.00~~ N/C

SUBTOTAL:	~~$ 63,220.00~~
INSTALLATION:	~~$ 1,000.00~~
FREIGHT:	~~$ 1,000.00~~ As Billed or by Customer's Truc
GRAND TOTAL:	~~$ 65,220.00~~ $171,000

NOTE: PRICES ARE $U.S.

TERMS:

DELIVERY TERMS: F.O.B. San Perdro, California
~~*Cost of freight is included in the above price.~~

DELIVERY TIME: ~~Within one (1) month after receipt of down payment~~ ASAP after financing confirmation

PAYMENT TERMS: ~~25% down payment with order~~
~~75% due prior to shipment~~

GUARANTEE: One (1) year against any fault in material and/or workmanship

REMARKS: The above price includes the services of one (1) Rheon U.S.A. Engineer for two (2) days of installation and training of buyer's personnel at buyer's location. All uncrating and unloading of equipment above is the responsibility of the buyer.

VALIDITY OF OFFER: Thirty (30) days from the date shown above

Note: Deposit Check of $3,000 is not to be cashed or Deposited. Customer will lease 100% After Confirmation by leasing co. Deposit to Be Returned. Leasor to pay Rheon within 15 Days of Contract.